

1 we need to handle these three states. And maybe  
2 it would be a good idea to ask me before we start  
3 billing people.

4 Q. Who would do the billing?

5 A. That was typically done by Elizabeth  
6 Ontiveros Rosas, she would generate the bills.  
7 And then they would go out. And what she would  
8 do is, go into our database and look for -- there  
9 was a certain code for unbillable through the  
10 clearinghouse. And she would just run off  
11 everyone who matched that code and generate a  
12 bill for it. It was nothing that she -- she  
13 probably had an idea, but it wasn't something  
14 that comes up specific record. You have 3,000  
15 people with this code, print the bills, you know  
16 what I mean? So it was not like she looked at  
17 them. It's just that after I found out we were  
18 doing it, I asked for the information, took a  
19 look at it. And figured this is bad.

20 Q. In terms of Alabama where it says, "We  
21 have withdrawn from Alabama." What does that

1 mean?

2 A. We voluntarily withdrew. So they took  
3 our certificate there as a long distance carrier.

4 Q. Do you remember what it is that  
5 occasioned the withdraw of service in Alabama?

6 A. We had complaints for slamming there.  
7 I don't remember the number, but we had a lot.  
8 And they had a show-cause hearing, Kurtis went  
9 down for the hearing. And what they decided to  
10 do was fine us. We couldn't pay the fine. And  
11 so they asked us to withdraw.

12 Q. Do you remember what the fine in  
13 question was?

14 A. I don't recall. I think it was -- it  
15 was a large sum. Maybe \$100,000, \$50,000,  
16 something like that. They wanted it right now  
17 and we just couldn't do it.

18 Q. Couldn't write them a check?

19 A. No. We had a similar situation in  
20 Mississippi and I went to that hearing. And they  
21 were kind enough to let us go on a payment plan.

1 So we were paying a fine there at the time.

2 Q. So that allowed you to continue to  
3 provide service to customers that you already  
4 had?

5 A. Yes. Their stipulation was that we do  
6 not sell anyone new until we had completed paying  
7 the fine and waited 12 months. And if we were to  
8 sell there, we would have to get scripts approved  
9 specifically by their commission.

10 Q. Jumping back to the Alabama situation,  
11 I'm going to try to keep this as unconfusing as I  
12 can, so bear with me. In terms of the Alabama  
13 situation, you said that Kurtis had gone down for  
14 the hearing?

15 A. Yes. Kurtis had gone down with our  
16 attorney, Marcy Green (phonetic) to that hearing.

17 Q. Your attorney. Who is Marcy Green?

18 A. I think she worked for you. She was  
19 our attorney from that firm.

20 Q. Which firm is that?

21 A. I don't remember the name, but she was

1 our counsel for this kind of issue.

2 Q. O'Melvany & Myers (phonetic) mean  
3 anything to you?

4 A. No.

5 Q. Swither & Berlin (phonetic)?

6 A. There you go.

7 Q. How long a period of time was Marcy  
8 Green your attorney?

9 A. I worked with her for five or six  
10 months, I don't know how long she was before  
11 that.

12 Q. Roughly, when did you work with her?

13 A. I worked with her during the Alabama  
14 dispute, just giving her information and that  
15 kind of thing. I don't know. I would assume  
16 that Swither & Berlin had something to do with us  
17 getting licensed to begin with.

18 Q. In Alabama?

19 A. Everywhere.

20 Q. But you're not sure of that?

21 A. No. I wasn't involved in the process.

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1 Q. Now, why was -- why did the hearing in  
2 Alabama take place?

3 A. Because of slamming complaints.

4 Q. And what did you understand the basis  
5 of those complaints to be?

6 A. I believe lack of producible  
7 verification tapes.

8 Q. That relates back to the problem that  
9 we had looked at before in terms of being able to  
10 locate verifications?

11 A. Yes. And this was, I don't remember  
12 the exact date when it occurred. But at that  
13 time, the tapes were just horrible. And the  
14 verifications that were on the tapes were not  
15 acceptable. So even if we generated something  
16 and sent it to them, they didn't accept it.

17 Q. Did you have any understanding as to  
18 why they were not acceptable?

19 A. There was something missing on the  
20 script.

21 Q. In other words, there was a required

1 element that was missing?

2 A. That's correct. I don't remember what  
3 it was.

4 Q. You indicated that you had to go to  
5 some hearing in Mississippi?

6 A. I went to the show-cause hearing in  
7 Mississippi.

8 Q. Was there any particular reason why  
9 Kurtis went to the Alabama and you went to the  
10 Mississippi one?

11 A. I was scheduled to go to Alabama with  
12 Kurtis and I was ill, so I couldn't go. I went  
13 to Mississippi just because I had been handling  
14 the situation from the start. And we had an  
15 attorney that I had found -- I think recommended  
16 Swither & Berlin. I called them and I had a  
17 pretty good rapport with them, so I was asked to  
18 go.

19 Q. You got to fly down to Mississippi?

20 A. It was very exciting to be in  
21 Mississippi in July. It's just a very nice

1 place.

2 Q. I suppose that depends on where in  
3 Mississippi you got to go.

4 A. Jackson is a booming town. It is  
5 something else.

6 Q. So you flew from Indiana to  
7 Mississippi?

8 A. From Chicago to Dallas to Jackson  
9 because they couldn't take a large plane at the  
10 Jackson airport. So I had to fly on the small  
11 one.

12 Q. Yikes.

13 A. It's just not a big capital.

14 Q. But that was a flight that Kurtis knew  
15 you were taking?

16 A. Oh, yes.

17 Q. Kurtis knew why you were taking it?

18 A. Uh-huh.

19 Q. And the company paid for it?

20 A. Yes.

21 Q. You didn't have to pay for it?

1           A.     No. I didn't pay for the luxurious  
2 room, nothing.

3           Q.     The luxurious room?

4           A.     Yes. It was really a nice place.

5           Q.     Kind of like this?

6           A.     Yes. I see they do right by you guys.

7           Q.     Moving right along here. South  
8 Dakota, what's going on in South Dakota?

9           A.     South Dakota wasn't that we had a  
10 situation there. We had a few complaints. And  
11 again, I believe we were missing one line in the  
12 verification tape. I don't recall exactly what  
13 it was, but that one line allowed the PUC there  
14 to find against us. And they were fining \$1,000  
15 per occurrence. And on several occasions -- the  
16 number was five or six, I believe. And since we  
17 had so few customers there, we decided it was a  
18 better idea just to withdraw. You know, ask our  
19 customers to use a new service. So we didn't  
20 have a situation with a PUC hearing. As a matter  
21 of fact, I think they liked us because we were

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1 giving their citizens a lot of money.

2 Q. All of the free telephone service they  
3 ended up with?

4 A. That is correct. This is all --  
5 Mississippi and Alabama also. We provided the  
6 customers with free service for a year before we  
7 got it in gear and maybe longer than that. So  
8 really they -- I can't see how they were really  
9 wronged. It's our fault for not doing things  
10 correctly, but I'd like to have free phone  
11 service for a year.

12 Q. In terms of the line that was missing  
13 from the verification script in South Dakota, do  
14 you have any recollection as to whether or not it  
15 was referencing a South Dakota regulation or  
16 something else?

17 A. It was a South Dakota regulation. And  
18 if I recall correctly, the line was just  
19 something like, "Do you understand that you have  
20 the right to call us back. Here's our 800 number  
21 to cancel at any time." That wasn't in our

1 script at the time. And I believe it was in the  
2 script previously and it was taken out. And I  
3 never did understand by whom. And it was  
4 something as simple at that. As simple as one  
5 line.

6 And you know, they were very clear,  
7 "The rest of the script is fine. And it sounds  
8 like the person, however, didn't do it right. So  
9 they're entitled to the fee." It just wasn't a  
10 good business decision for us to stay there.

11 Q. And stepping back with respect to  
12 Mississippi, I think you had also suggested that  
13 there was a problem with the script.

14 A. I think Mississippi was a problem with  
15 the sales script more than anything else. Our  
16 salespeople were not being honest with the  
17 customers there.

18 Q. In what way?

19 A. I think they were misrepresenting  
20 themselves as AT&T or something. And what we did  
21 is, we hit Mississippi with the whole floor for a

1 couple months before we figured out that they  
2 were doing that. They were making a lot of  
3 sales. And the sales manager was very happy.  
4 And when we discovered that we had put in a new  
5 script and started taping salespeople, it was too  
6 late by that time.

7 Q. Did there come a time when  
8 telemarketers were taped?

9 A. Yes.

10 Q. So with respect to the Mississippi  
11 situation, there was a period of time when the  
12 telemarketers were not taped?

13 A. That's correct.

14 Q. When did the taping system come into  
15 effect?

16 A. I don't recall exactly. Probably  
17 sometime in 2001.

18 Q. Perhaps just by referencing the date  
19 on the memo here or the dispatch that will place  
20 it in time. Because the document that we've been  
21 talking about is dated in June of the year 2000.

1 And apparently from what you're remembering,  
2 there's a period of time prior to that -- prior  
3 to June of 2000, when no taping occurred. But  
4 then at some point, taping began.

5 A. What we did is, initially, when we  
6 started to have these problems, we identified  
7 certain reps. And we would have a manager listen  
8 in on what they were saying.

9 Q. In other words, they were like on the  
10 same phone line at the time you --

11 A. They had -- the phones were set up on  
12 the sales floor and they had a phone on their  
13 desk. And they could hit in a code and then  
14 monitor what that person was doing at a certain  
15 place. That was fine to listen to one person,  
16 but that evolved into a taping system where we  
17 could go into a closet and plug in something --  
18 six or eight people at a time and monitor them  
19 for a period of time on tape. And then we had  
20 the tapes monitored. We did not immediately do  
21 that.

1 I don't know if it's just that we  
2 didn't figure it out or if it was a money issue  
3 or what have you, but that was not -- the  
4 immediate solution was that the sales manager  
5 would listen in on certain phone calls. So it  
6 took -- it was an evolution to get to the point  
7 where we could plug in anybody on the sales  
8 floor.

9 Q. So at first, there was just, what, if  
10 a sales manager happened to be walking by and  
11 listening to a telemarketer, at that point, you  
12 could hear what the person was saying?

13 A. Initially, yes.

14 Q. And then there came a time when the  
15 sales manager could sit at his or her desk and  
16 punch a number and then listen to whatever it was  
17 a particular telemarketer was saying at that  
18 point in time?

19 A. Uh-huh, yes.

20 Q. And then the next step was?

21 A. That we -- what we did is, had a

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1 duplicate box installed that doubled every line  
2 going out. So we looped their line. Not just  
3 out of the building, but through this box and  
4 then out of the building so we could plug into  
5 each one and actually plug a tape recorder in.  
6 And every person on our sales floor was monitored  
7 for an hour or two hours every week. And we had  
8 an individual who just sat at a desk and listened  
9 to tapes. And anything that they heard that  
10 varied from our script was written up. And they  
11 were brought in and trained on it. And if it  
12 didn't stick after the second time they were  
13 retrained on it, they were dismissed. That was  
14 the policy when I left. For how long before  
15 that, maybe a year, year and a half, I don't know  
16 exactly.

17 (A short break was taken.)

18 Q. We had been talking about the  
19 situation in the year 2000 concerning the states  
20 of Alabama, Mississippi and South Dakota. And  
21 you had indicated that the company had withdrawn

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1 from Alabama. Do you recall whether or not a  
2 Discontinuance Application was filed with the  
3 Federal Communications Commission with respect to  
4 the withdraw from Alabama?

5 A. I do not.

6 Q. Do you have any recollection as to  
7 whether a Discontinuance Application was filed  
8 with respect to South Dakota and the company  
9 leaving there?

10 A. No.

11 Q. We're going to jump ahead a year. So  
12 we're going from June of 2000 -- well, not quite  
13 a year, half a year. February of 2001. I'd like  
14 you to look over this document and I'll ask some  
15 questions. It's Bate Stamp Numbers 00671 and  
16 00672.

17 A. Okay.

18 Q. There are two signatures that appear  
19 on the first page and two signatures also that  
20 appear on the second page. Could you identify  
21 the significance for me, please.

1           A.     One is my signature and the other is  
2     Keanan Kintzel.

3           Q.     And Keanan Kintzel is signing as a  
4     representative for U.S. Bell?

5           A.     Yes.

6           Q.     I want to focus on the fourth  
7     paragraph of the first page. What is the  
8     training that is supposed to be involved there?

9           A.     That, again, is the training that has  
10    to do with the Hubbard technology that was done  
11    at the Church of Scientology or one of the other  
12    Hubbard training centers.

13          Q.     What did this agreement envision you  
14    doing?

15          A.     They have volumes of information that  
16    are specific to each division in the company.  
17    And I think what they had saw me doing was going  
18    away and doing one volume at a time, which would  
19    require me entering Florida or California for a  
20    month to six weeks at a time.

21          Q.     In other words, that's where these



1 training facilities were located?

2 A. Yes.

3 Q. And you used a term that I don't think  
4 I'm familiar with, "volume"?

5 A. Basically, the Hubbard technology that  
6 L. Ron Hubbard used to run his churches is all  
7 documented in volumes. And each volume  
8 represents the work to be done in a specific  
9 division of the company. So what you would do  
10 is, you would go -- let's say you were the  
11 manager of division number three. You would go  
12 learn volume three. And since I was the  
13 vice-president over three of the divisions, they  
14 would want me to go and learn those three  
15 volumes.

16 Q. Was this something that you ever did?

17 A. No.

18 Q. Why not?

19 A. There was just never time to do it.

20 Q. There was never a good period for you  
21 to be away for one month to six weeks?

1           A.       I was never staffed up enough that I  
2       could walk away for that period of time without  
3       there being problems.

4           Q.       And how did it come to be that you  
5       were never staffed up enough?

6           A.       Just a result of turnover and other  
7       issues. We just never had the right people there  
8       that I felt safe going.

9           Q.       Did other issues involve the ability  
10      to pay for sufficient staff?

11          A.       Finance was always an issue. Just  
12      getting the right person in that you really felt  
13      you could trust to get things done while you  
14      weren't there.

15          Q.       So fortunately or unfortunately, you  
16      became somewhat indispensable?

17          A.       Yes. I don't know about  
18      indispensable. But if I were not there, then it  
19      would have fallen upon Kurtis or Keanan to do  
20      what I was doing. And in that case, I was  
21      indispensable because they did not have any

1 interest in doing the things I was doing.

2 Q. And that was because you were not  
3 confident enough in the subordinate that you  
4 could have given the task to?

5 A. That's correct. Typically, the budget  
6 for my employees was not that high. So I was not  
7 able to go out and hire a college graduate to  
8 work for me. I was, you know, typically just  
9 hiring someone who had a high school education,  
10 was fairly young and had not been in the job  
11 market that long. So they would be okay working  
12 for \$8.00 an hour or something like that. And  
13 it's really hard to find somebody to do some of  
14 the things I did for that amount of money. So it  
15 just never happened.

16 Q. Who was it that set the budget for the  
17 matters that you had to oversee?

18 A. Kurtis set all the budgets.

19 Q. Did you have any input into that  
20 budget?

21 A. I had requested several times to

1     increase my budget. And usually, it was a  
2     discussion we'll have next quarter when we see  
3     how things are going. Usually that discussion  
4     was a short one. And there was -- so I had  
5     just -- at one point about the time when I was  
6     leaving, I had a person working for me who was  
7     pretty able. But by that time, it was too late.

8             Q.     That person was whom?

9             A.     Kelly Adwell. She was more than  
10    capable of handling the HR aspect of my position  
11    on a temporary basis. And then I had a few  
12    people working for me doing legal stuff who could  
13    have handled the small stuff.

14            Q.     Those people were?

15            A.     Amy Dixon (phonetic) was one  
16    assistant. And I don't remember the other girl's  
17    name, she was only with me for a short period of  
18    time. They could handle complaints and that type  
19    of thing. If they had been fully trained, they  
20    would have understood that anything big, you just  
21    go straight to Kurtis and he would help you out.

1 We just never got that far.

2 Q. And the period of time that you're  
3 referring to in respect to your most recent  
4 answers is around the time you left the company's  
5 employ?

6 A. Probably the last few months I was  
7 there.

8 Q. So the summer and autumn of 2002?

9 A. Yes. The people then were better and  
10 more trained, but Amy left maybe a month before I  
11 did. And then we had a girl who had started a  
12 week before I left. That was the only person in  
13 the legal department when I left.

14 Q. That person was whom?

15 A. Her first name is Shannon. I don't  
16 remember her last name.

17 Q. Dennie?

18 A. That could be. But virtually -- she  
19 had enough training to listen to me talk for a  
20 week, but that was about it. And I wasn't that  
21 happy. But she was a very smart girl. And I

1 think she had a little bit of experience. She  
2 wasn't really trained on procedures or anything  
3 like that.

4 Q. Did you have anything to do with her  
5 hiring?

6 A. I recommended we hire her, yes.

7 Q. Did you interview her?

8 A. Yes.

9 Q. Was the hiring decision made by  
10 someone else?

11 A. Made by Kurtis.

12 Q. On your recommendation?

13 A. I made the recommendation. I don't  
14 know if he hired her because of my  
15 recommendation. Of the people we saw, I thought  
16 she was the most capable person.

17 Q. I'll probably come back to her later.

18 A. Okay.

19 Q. With respect to the second page of the  
20 document we have been looking at, Bate Stamp  
21 00672, could you try to explain to me what is

1       meant after the term "VPA statistic"?

2           A.       The number of active antes, which  
3       would be the number of our customers who are  
4       being billed times the amount of income being  
5       brought in by division two, which was marketing.  
6       Basically, all marketing was doing at that time  
7       was sending out calling cards. So it would have  
8       been the number of active antes multiplied by the  
9       amount of calling card income and divided by  
10      10,000.

11          Q.       During the period that begins in  
12      February of 2001, what understanding did you have  
13      as to the number of active antes that the company  
14      had?

15          A.       Somewhere between 40,000 and 50,000.

16          Q.       And that held pretty consistent the  
17      entire time from February of 2001 forward?

18          A.       It was consistent for about a year.  
19      And then, I believe, it was dropping from that  
20      point.

21          Q.       So roughly in the range of 40,000 to

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1 50,000 from February, 2001 to February, 2002.

2 And then it started dropping at that point?

3 A. Yes. I believe it was because we  
4 had -- we were doing a lot more monitoring and  
5 typing up on all of our scripts. And we just  
6 were not making the number of sales that we had.  
7 And for some reason, we were seeing more of a  
8 drop off than we had before.

9 Q. So in other words, let's say,  
10 beginning in roughly February of 2002, you were  
11 still selling customers, but for whatever reason,  
12 there were more customers leaving?

13 A. Uh-huh.

14 Q. That would be a yes?

15 A. Yes.

16 Q. And was there ever a study or analysis  
17 done to determine why the customers were leaving?

18 A. I think they were doing that in  
19 delivery, but I wasn't a part of it.

20 Q. Who would "they in delivery" have  
21 been?



1 A. Elizabeth.

2 Q. If it were being done, it would have  
3 been done there?

4 A. Yes.

5 Q. You're not sure whether it was  
6 actually being done?

7 A. No, I don't. I would assume that they  
8 were working on something, but I was not involved  
9 in it.

10 Q. Okay. The next document I want to  
11 show you is dated September 25, 2001. It's  
12 entitled "Query." It's Bate Stamp Numbers 01072.

13 A. This is Keanan asking me how we handle  
14 a complaint where we have a good verification  
15 tape.

16 Q. Your response to him was what?

17 A. Basically that we send a tape and a  
18 letter explaining that we have a valid tape. And  
19 that we are willing to work with the customer and  
20 come to a solution to their complaint.

21 Q. So this would be when the complaint

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